

House Finance, Ways and Means Amendment No. 2

Amendment No. 2 to HB0648

Kisber
Signature of Sponsor

AMEND Senate Bill No. 621*

House Bill No. 648

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

by adding the following new section immediately preceding the last section and by renumbering the subsequent section accordingly:

SECTION _____. Tennessee Code Annotated, Section 67-5-207, is amended by deleting the section in its entirety and substituting instead the following: Section 67-5-207.

(a) Property owned by an organization qualified under this section and used exclusively for providing group or multi-family housing and housing facilities for low income elderly, disabled or handicapped persons, is eligible for exemption from ad valorem taxation pursuant to this section. Exemption of permanent housing and housing facilities as a charitable use of property for low income elderly, disabled or handicapped persons shall be governed by this section notwithstanding the substantive provisions of §67-5-212, but the application and other procedural requirements of §67-5-212 shall be applicable to claims of exemption under this section. The state board of equalization is authorized and directed to adopt standards of eligibility based on income, age, and handicapped or disabling condition, based on comparable standards adopted by other state or federal agencies. The board may adopt other rules necessary to implement this section.

(b) The owning organization must be a non-profit corporation one (1) purpose of which is to provide housing and housing facilities to low income elderly, disabled or handicapped persons. If the owning organization is incorporated under the laws of any other state, it must qualify to do business in

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the State of Tennessee pursuant to the general non-profit corporation laws of this state. The charter of the corporation, whether organized under the laws of this state or any other state must contain the following provisions:

(i) The governing body of the corporation shall be composed of not less than seven (7) natural persons who shall serve without compensation, either directly or indirectly, except as employees of the corporation.

(ii) At least two (2) members of the governing body must be residents of the county in which the property for which exemption is sought is located.

(iii) Not more than two (2) members of the governing body shall be employees of the corporation.

(iv) No member of the governing body shall be the spouse, parent, child or sibling of any other member of the governing body.

(v) Other than reasonable compensation for services as an employee, no member, director, officer or employee of the corporation or any such member, director, officer or employee's spouse, parent, child or sibling, may directly or indirectly sell or provide for monetary remuneration any goods or services to the corporation. To "indirectly" sell or provide means to do so through an entity in which the employee, member, director or officer of the corporation or their spouse, parent, child or sibling owns an interest greater than three percent (3%).

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(vi) The corporation shall not borrow money from any member of the governing body or employee of the corporation or from the spouse, parent, child or sibling of such member or employee.

(vii) No member of the governing body of the corporation may purchase any bonds, indentures, notes or any other evidence of indebtedness of the corporation.

(viii) If any corporate property is to be sold, the corporation must notify the attorney general and reporter of the corporation's intent to sell the property at least twenty one (21) but not more than sixty (60) days before the date of sale.

(c) A copy of the corporate charter and all amendments must be recorded in the register's office of each county in which the property sought to be exempt is located. The corporation shall file a sworn report annually with the assessor on such forms as may be developed by the state board of equalization regarding continued compliance with this section. Deliberately making a false or misleading statement in the report is a Class A misdemeanor. If the corporation has been designated as a Section 501(c)(3) organization by the United States Internal Revenue Service, the corporation shall also file a copy of its annual IRS Form 990 with the assessor of property in the county in which the exempt property is located.

(d) In lieu of taxes for which a property is granted an exemption under this section, the owner shall make annual payments in lieu of taxes in accordance

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with this subsection. These payments may be negotiated to represent the cost of services or facilities provided to the property by the county or a city, but shall at least equal the amount of these payments that is typically reimbursable to the property owner under applicable state or federal housing programs as determined under rules of the state board of equalization. The payments shall be billed and collected in the same manner as property taxes are billed and collected. Payments due under this subsection will begin to accrue annually beginning with tax year 2002.

(e) Owners of group or multi-family housing otherwise subject to this act and approved for exemption by the state board of equalization prior to the effective date of this act shall have until January 1, 2003, to comply with this act and certify such compliance to the assessor of property. Absent this certification, the exemption may be revoked pursuant to §67-5-212, and the owner may reestablish the exemption only by applying and qualifying pursuant to this section. All applications for exemption of property pending on the effective date of this act and seeking to qualify for exemption under this section shall be processed by the exemption designee under the provisions of this act notwithstanding prior determinations by the exemption designee. The owners of such property shall have ninety (90) days from the effective date of this act to comply with the remaining subsections set out herein. The exemption designee has the discretion upon good cause being shown to extend said ninety (90) day period.